



Investor Presentation

For the year ended 30 June 2023



To be read in conjunction with Appendix 4D and Accounts

Disclaimer

This information contained within this document is in summary form and does not purport to be complete. It should be read in conjunction with Reckon Limited's periodic reporting and other announcements made to the Australian Securities Exchange.

Information provided is current at the date of this document or as at the date specified in any slide or page (as applicable).

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Overview

Reckon Limited (ASX: RKN) is a software-as-a-service (SaaS) company providing cloud-based technology solutions to customers including SMEs and legal firms

Investment highlights

- ✓ Strong earnings profile for the continuing operations - \$28m in revenue generated in 1st Half 2023 with EBITDA of \$11m and NPAT of \$4m
- ✓ Net debt reduced by 90% from \$2.8M to \$0.3M
- ✓ Annual Dividend of 2.5cents fully franked declared
- ✓ Legal Group subscription revenue growth of 19%
- ✓ Ongoing investment in cloud based products to underpin future business growth
- ✓ Over 109k customers use our cloud SME products and hundreds of thousands of employees get paid in Australia via Reckon products
- ✓ Six of the world's top legal firms use our solutions



Corporate overview

✓ Capital Structure

ASX code:	RKN
Shares on issue:	113.3m
Market capitalisation:	\$58m
Share price high – low post special dividend:	\$0.46 to \$0.68
Net debt:	\$0.3m

✓ Major shareholders

Novatti Group Limited	19.9%
Rabie Family	9.0%
Microequities Asset Management Pty Ltd	7.6%
Greg Wilkinson	7.1%
Spheria Asset Management Pty Ltd	5.3%
Pinnacle Investment Management Group Ltd	5.3%

✓ Board of directors



Clive Rabie
NON-EXECUTIVE CHAIRMAN



Greg Wilkinson
FOUNDER & NON-EXECUTIVE DIRECTOR



Phil Hayman
NON-EXECUTIVE DIRECTOR



Sam Allert
CHIEF EXECUTIVE OFFICER

Our focus is on two large and distinct markets



SMALL BUSINESS

Accounting and Payroll solutions for SMEs

Total addressable market

3 million small businesses across Australia and New Zealand



LEGAL

Practice Management and Workflow for law firms

Total addressable market

500 of the world's largest firms operate in the USA, alongside 46,000 mid-size firms

Financial Results – Half Year 2023

(Continuing operations only)

REVENUE

\$28 ↑
million

↑ +4% over PcP

RECURRING REVENUE

\$26 ↑
million

↑ +5% over PcP

EBITDA

\$11 ↑
million

↑ +3% over PcP

NPAT

\$4 ↑
million

↑ +16% over PcP

DEVELOPMENT INVESTMENT

\$7
million

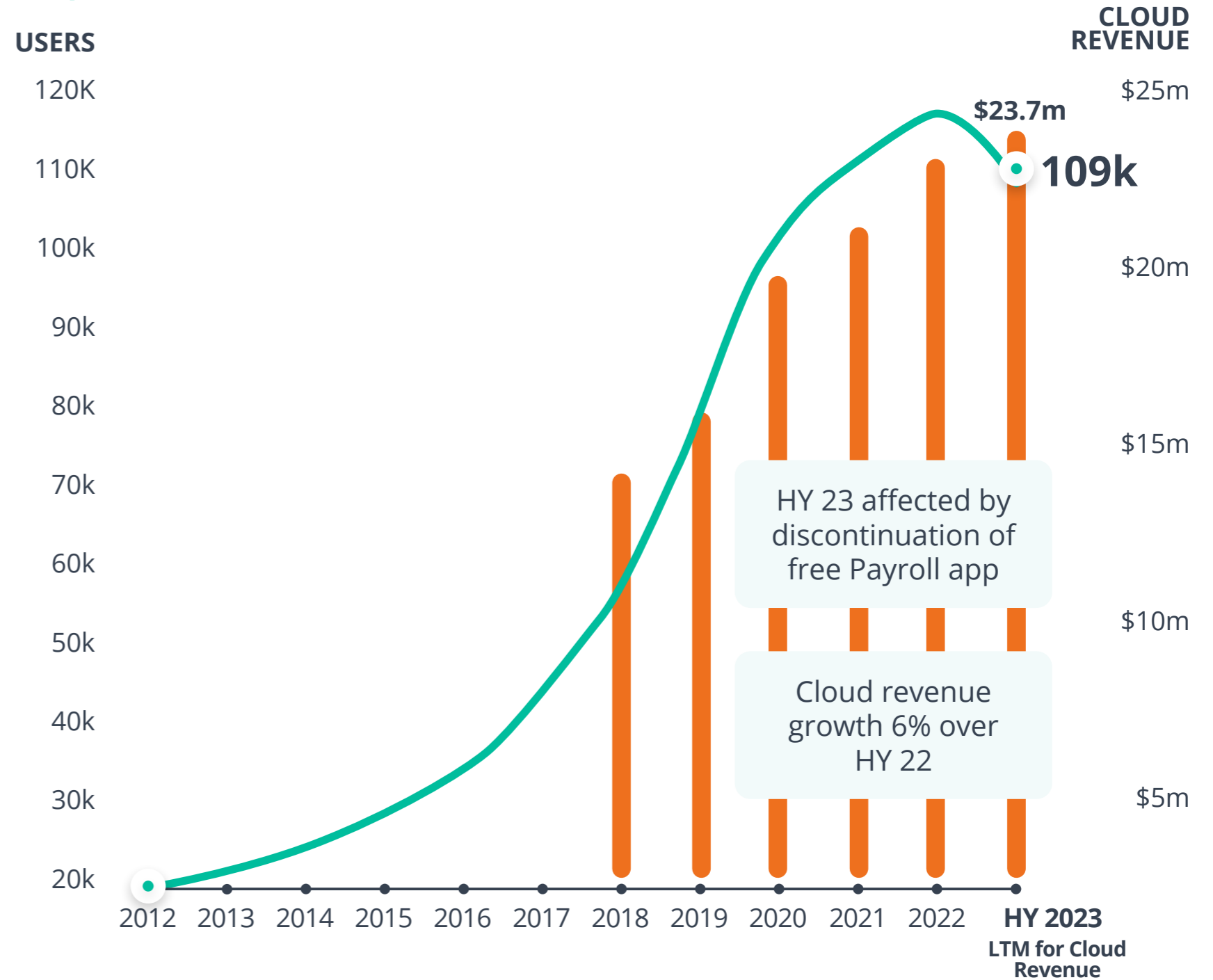
DIVIDEND

2.5
cents
per share fully franked

Cloud revenue growth of 6%

- ✓ Servicing start ups, gig-economy, small and medium sized businesses with accounting, payroll, and business management tools
- ✓ Strong cash generating business with EBITDA Margin of 55% and Adjusted EBITDA Margin (after development costs) of 32% for HY23
- ✓ 109k Cloud users (growth impacted by discontinuation of free Payroll app in HY23)
- ✓ Continued uptake of Reckon Payroll products across cloud and Mobile
- ✓ Integrated Payments solution with Novatti launched creating additional revenue opportunities

↑ Small Business Cloud User* Growth

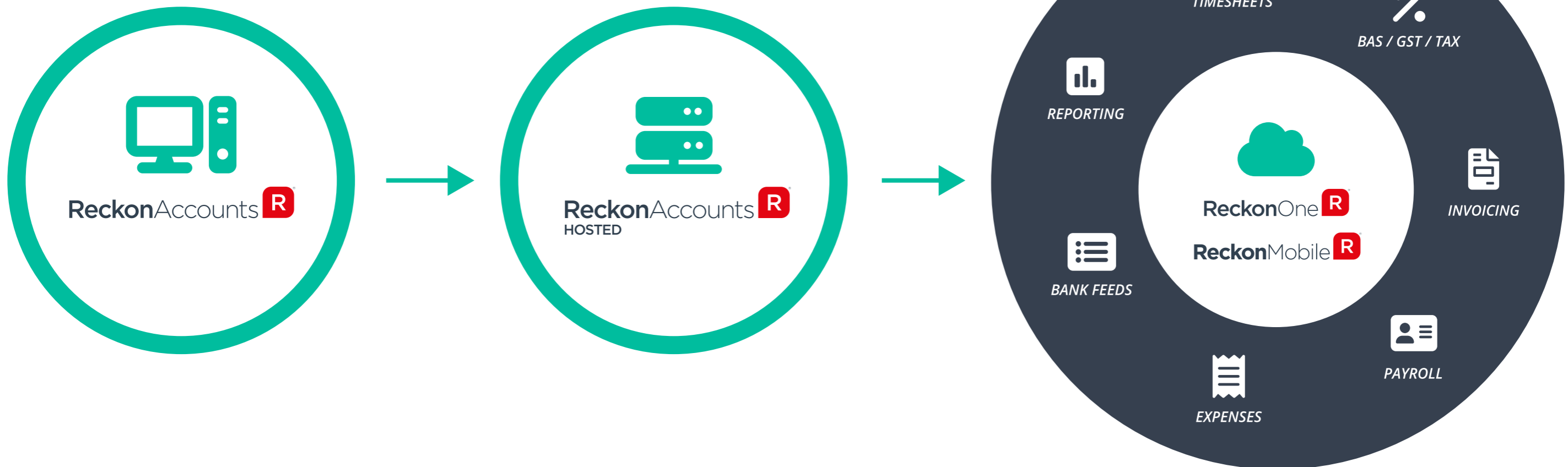


58% of available SME Group revenue is cloud based for HY 2023

* Cloud users represent the number of users for all Business Group cloud products including Reckon One, Reckon Mobile and Reckon Accounts Hosted

Transition to Reckon One codebase underway

- ✓ Increased focused on the transition to the Reckon One codebase now underway since the completion of Single Touch Payroll 2.0 upgrades
- ✓ Continued development investment into Reckon One and Mobile solutions to support this transition
- ✓ Ongoing product enhancements creating more valuable solutions for SME's and employees
- ✓ Journey to Reckon One expands options for the business and provides potential value creation for Reckon*



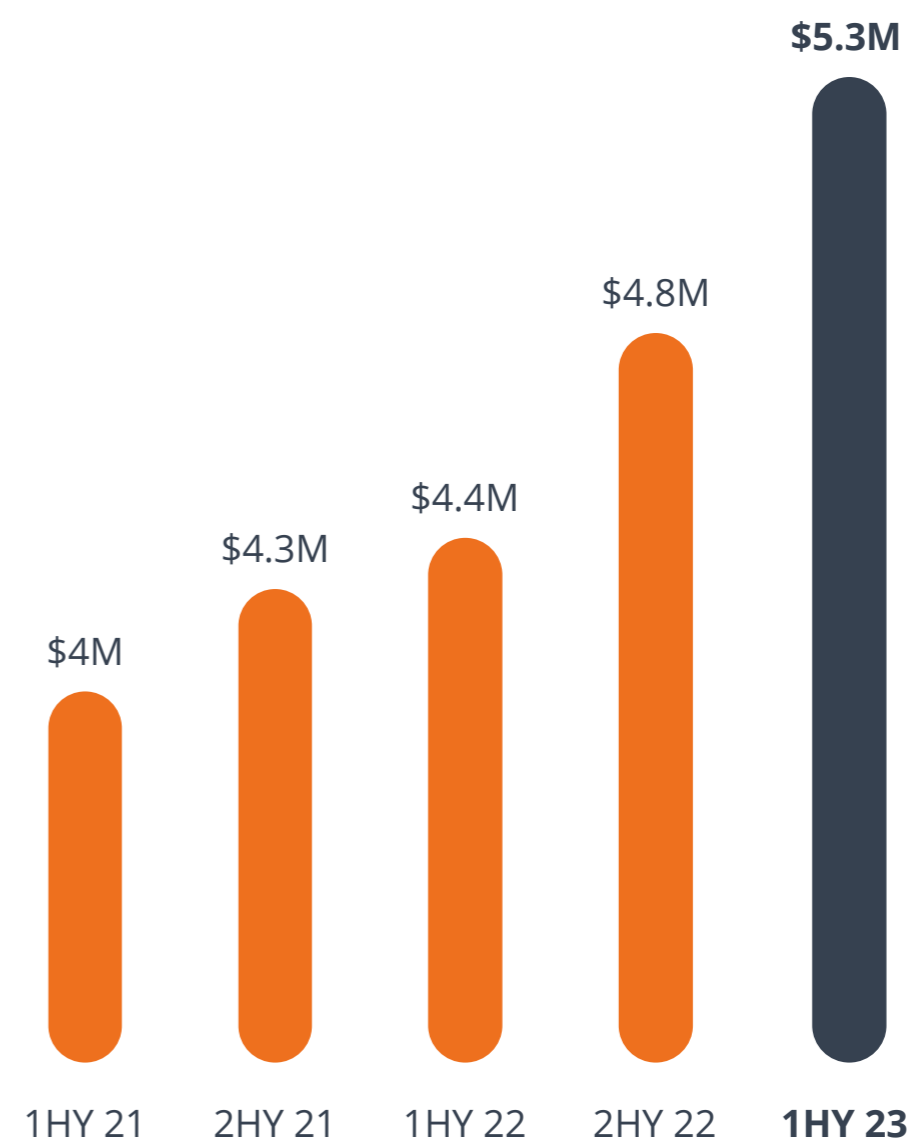
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PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Growth business in large US and global markets

- ✓ Servicing Legal firms with workflows through scanning & printing, Practice Management, cost recovery and analytics solutions
- ✓ Enormous market opportunity – 500 of the world’s largest firms operate in the US, alongside 46,000 mid-size firms.
- ✓ Highly regarded management team with a successful track record of developing and distributing legal practice management software in US market
- ✓ Footprint in UK and resellers in other parts of the world
- ✓ Over 1000 users on our new platform cloud products BillingQ and DataQ

↑ Subscription revenue growth



PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Upgrade to core product suite and investment in new cloud solutions providing growth opportunity in large US Legal market

- ✓ Core products upgraded to take advantage of increased market interest and opportunity
- ✓ Continued ongoing investment into Cloud based Platform solutions
- ✓ Newer platform solutions can be cross sold into Core client base
- ✓ Additional product integrations planned for Platform solutions creating larger addressable market



Core

- ✓ **ScanQ** and **MailQ** – scanning
- ✓ **PrintQ** – printing
- ✓ **CostQ** – cost tracking



- 497 clients
- 6 of the top 10 firms in the world
- 8 of the top 25 firms in the U.S.
- 5 of the top 7 firms in Canada



Platform

- ✓ **BillingQ** – billing workflows
- ✓ **DataQ** – business intelligence



Financial Highlights

Group financial performance and cash flow

(Continuing operations)

	HY23	HY22	GROWTH		HY23	HY22
	\$ M	\$ M	%		\$ M	\$ M
✓ Revenue	28.2	27.0	+4%	✓ Operating Cashflow (before development)		
				Continuing operations	11.1	11.2
				Discontinued operations	-	5.3
✓ EBITDA	11.0	10.7	+3%	✓ Development Spend		
				Continuing operations	(7.3)	(7.5)
				Discontinued operations	-	(3.5)
✓ NPAT*	3.8	3.3	+16%	✓ Dividend Paid	-	(2.3)
				Fully franked dividend of 2.5 cents per share to be paid September 2023		
				✓ Debt Repaid	(2.7)	(1.9)

*Higher amortisation offset by lower effective tax rate in HY 23, due to a higher development spend

ACCOUNTING AND PAYROLL SOLUTIONS FOR SMES

Business Group Financials

A subscription business with consistently strong online growth

✔ Financial performance

Revenue

- Consistently strong cloud revenue growth
- Subscription revenue is 91% of revenue
- EBITDA margin 55%
- Adjusted EBITDA margin 32% (after development costs)

✔ Revenue

	HY23 \$ M	HY22 \$ M	GROWTH
CLOUD SUBSCRIPTION	12.0	11.3	6%
DESKTOP SUBSCRIPTION	8.5	8.6	-2%
SUBSCRIPTION	20.5	19.9	3%
OTHER	2.0	2.0	1%
TOTAL	22.5	21.9	3%

✔ EBITDA

	12.3	12.3
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✔ Capitalised development costs

	4.9	5.3
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Legal Group Financials

Growing subscription revenue and a top tier customer base

✓ Financial highlights

Revenue

- Strong subscription growth
- Subscription is 92% of revenue

✓ EBITDA

- Investment in sales and development teams for future growth continues

✓ Revenue

	HY23 \$ M	HY22 \$ M	GROWTH	CONSTANT CURRENCY GROWTH
SUBSCRIPTION	5.3	4.4	+19%	+13%
UPFRONT AND SERVICE	0.4	0.7	-35%	-39%
	<u>5.7</u>	<u>5.1</u>	+12%	+6%

✓ EBITDA

	<u>0.2</u>	<u>(0.2)</u>
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✓ Capitalised development costs

	<u>2.4</u>	<u>2.2</u>
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Questions

Resources

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